



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

March 27, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

2012 IMPLEMENTATION OF THE ADVANTAGE HUMAN RESOURCES MANAGEMENT SYSTEM (eHR) (ALL SUPERVISORIAL DISTRICTS - 3 VOTES)

SUBJECT

This letter and accompanying ordinance will make technical changes in County pay policy necessary to implement the final phase of the Advantage Human Resources Management System (eHR) and to make minor technical corrections to already-existing pay policy.

JOINT RECOMMENDATION WITH THE AUDITOR-CONTROLLER AND DIRECTOR OF PERSONNEL THAT YOUR BOARD:

1. Approve changes to the Los Angeles County Code amending Title 5 – Personnel, and Title 6 – Salaries to support the 2012 changes to the personnel and timekeeping components of the eHR Advantage Human Resources Management System and to make minor technical corrections to already-existing pay policy.
2. Instruct the Auditor-Controller to make the payroll system changes necessary to implement these recommendations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 1, 2007, the Board of Supervisors (Board) approved funding and a contract amendment with CGI-AMS, Inc. (CGI) to implement the Advantage Human Resources Management System (eHR). The new eHR software was then acquired and has been significantly modified to replace the County's legacy software systems commonly known as "Countywide Payroll" (CWPAY) and "Countywide Timekeeping and Payroll Personnel System" (CWTAPPS).

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Your Board approved our March 23, 2010 letter which explained eHR would be rolled out in two phases – a 2010 rollout to replace the payroll processing and accounting functions performed by CWPAY and a 2012 rollout to replace CWTAPPS. The ordinance which accompanied that letter amended various pay provisions associated with the 2010 rollout as well as selected pay provisions associated with the 2012 rollout.

At this time, we are recommending various pay policy changes to complete the final implementation of eHR. Commonly known as “Core HR (Human Resources),” this phase covers the following areas: Position Control, Personnel Administration, Leave, Compensation and Benefits, Time and Attendance, Fair Labor Standards Act (FLSA), and Employee Self Service. The primary objectives associated with the 2012 recommendations are nearly identical to those outlined in 2010:

- Avoid unnecessary systems modifications and minimize associated costs to accommodate County pay practices that can and should be changed.
- Identify pay practices and policies that must be accommodated in the new system.
- Simplify certain pay policies to improve consistency in administration and reduce the potential for payroll processing errors.
- Delete provisions that are currently obsolete or will be obsolete under the new system.

Our current recommendations address only those pay provisions that either could not be accommodated in the baseline version of the new system, or where some degree of change in the existing pay policy was determined to be both appropriate and feasible (Attachment A). Furthermore, these recommendations are limited only to the 2012 changes not previously addressed in our March 23, 2010 letter.

Additional Changes Beyond 2012

Discussions are continuing regarding future system modifications that could not be accommodated at this time. Once eHR is fully operational, additional policy changes and modifications may be necessary to address issues not detected during testing. We will submit future recommendations to your Board in the event that such issues require a revision to the County Code.

Uniform Allowances and Fitness for Pay Bonuses

For several years, employees encumbering certain represented and non-represented safety classifications and meeting the specified criteria have been eligible to receive a fixed Uniform Allowance and/or a level-based Fitness for Life bonus. For the non-represented

safety positions already receiving this additional compensation, we are recommending an extension of eligibility periods and expiration dates consistent with the terms recently negotiated for various represented safety positions.

Technical Corrections

The corrections contained in the accompanying ordinance are minor and administrative in nature (Attachment B). Most of the corrections made fall under the following categories: adding missing item numbers for existing classifications and members of various commissions and boards, correcting classification titles, deleting obsolete provisions, and updating various cross references.

Implementation of Strategic Plan Goals

The recommended changes are consistent with the Countywide Strategic Plan Goal, Organizational Effectiveness and demonstrate fiscal integrity and financial responsibility. The simplification of the salary and personnel policies and practices will facilitate a more cost-effective implementation of the eHR system. In addition to minimizing costs associated with system modification, these changes provide a standard platform for cost savings during future system upgrades. Lastly, these changes will increase productivity by reducing staff time and errors associated with manual maintenance of current policy.

FISCAL IMPACT/FINANCING

In some instances, the changes in pay policy applicable to schedule/level bonuses may generate additional costs. However, the cost of and financing for these recommendations have been incorporated within the Board's adopted budget for each affected department. Conversely, the changes made in conjunction with the aforementioned technical corrections are administrative in nature only and have no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Appropriate consultations have been conducted with the impacted employee organizations regarding the recommended pay policy changes. The accompanying ordinance implementing amendments to Title 5 – Personnel and Title 6 - Salaries of the County Code have been approved as to form by County Counsel.

Employee communication materials will be distributed in April 2012 either by hard copy or electronically depending upon how the employee is currently receiving his semi-monthly pay stub. A permanent record of these materials and a set of frequently asked questions (FAQs) related to the 2012 implementation will also be added to the already existing information on the County website.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your approval of these pay policy recommendations will enhance the operational effectiveness of the departments through the efficient operation of the eHR Personnel and Timekeeping System.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer



LISA M. GARRETT
Director of Personnel



WENDY L. WATANABE
Auditor-Controller

WTF:WLW:LMG
EFS:JA:MTK
VMH:LSB:mst

Attachments (2)

c: All Department Heads
SEIU Local 721
Coalition of County Unions
Executive Office, Board of Supervisors
County Counsel

DESCRIPTION OF eHR PAY POLICY CHANGE RECOMMENDATIONS FOR 2012**1. Level Percentage Conversion Table**

(Sections 6.26.015 and 6.26.040 of accompanying ordinance)

Most of the County's classifications are compensated using the Standardized Salary Schedule Table (Salary Grid). Currently, several compensation features such as schedule/level bonuses and step placement thresholds are derived from or expressed using the levels in this Salary Schedule.

The compensation levels in the Salary Grid are referred to in terms of "schedule/level" (e.g., 38A, 38F, 39A) where 11 levels (approximately 0.25% between levels) equates to one schedule (approximately 2.75%). CWTAPPS "moves down" on the salary schedule to derive schedule/level based bonuses or other schedule/level-based thresholds. For example, the final compensation for a position compensated at schedule/level 38A with an 11 level bonus would be 39A.

STANDARDIZED SALARY SCHEDULE TABLE¹

SCHEDULE	LEVEL	MONTHLY STEP RATES				
		1	2	3	4	5
38	A	1,170.00	1,236.00	1,306.00	1,380.00	1,458.00
38	B	1,173.00	1,239.18	1,309.36	1,383.55	1,461.73
38	C	1,176.00	1,242.36	1,312.73	1,387.09	1,465.45
38	D	1,179.00	1,245.55	1,316.09	1,390.64	1,469.18
38	E	1,182.00	1,248.73	1,319.45	1,394.18	1,472.91
38	F	1,185.00	1,251.91	1,322.82	1,397.73	1,476.64
38	G	1,188.00	1,255.09	1,326.18	1,401.27	1,480.36
38	H	1,191.00	1,258.27	1,329.55	1,404.82	1,484.09
38	J	1,194.00	1,261.45	1,332.91	1,408.36	1,487.82
38	K	1,197.00	1,264.64	1,336.27	1,411.91	1,491.55
38	L	1,200.00	1,267.82	1,339.64	1,415.45	1,495.27
39	A	1,203.00	1,271.00	1,343.00	1,419.00	1,499.00

Approximately
2.75%
(11 levels)

> Approximately
0.25%

1

- Rates stated in terms of "schedules" (numeral) and "levels" (alphabetic character)
- A one schedule differential = 11 levels from the indicated schedule and level
- Level to level differential = approximately 0.25%
- Schedule to schedule differential = approximately 2.75%

1. Level Percentage Conversion Table (cont'd)

To maintain these schedule/level based compensation features, eHR's baseline functionality requires the use of fixed percentages. However, eHR cannot use the existing Salary Grid because the differentials between the levels are not fixed throughout the grid.

To eliminate costly eHR baseline modifications, we are recommending the approval of a Level Percentage Conversion Table (Conversion Table) to be used in conjunction with the Salary Grid. This Conversion Table contains fixed percentages at each level with units of reference comparable to those in the existing Salary Grid (i.e., one schedule = 11 levels = 2.7846%).

LEVEL PERCENTAGE CONVERSION TABLE
(excerpt)

LEVEL	PERCENTAGE
1	0.2500%
2	0.5006%
3	0.7519%
4	1.0038%
5	1.2563%
6	1.5094%
7	1.7632%
8	2.0176%
9	2.2726%
10	2.5283%
11	2.7846%

LEVEL	PERCENTAGE
12	3.0416%
13	3.2992%
14	3.5574%
15	3.8163%
16	4.0759%
17	4.3361%
18	4.5969%
19	4.8584%
20	5.1206%
21	5.3834%
22	5.6468%

The Conversion Table will be used in the following scenarios only for those positions compensated on the Salary Grid:

- To calculate bonuses expressed prior to the 2012 eHR implementation as a number of schedules or levels in the County Code or respective Memorandum of Understanding (MOU).
- To determine step placement upon appointment to higher, equal, or lower level positions for salary/schedule classifications compensated on the standard step pay plan.

The mechanics of these scenarios will be discussed in the next sections.

2. Schedule/Level Bonuses

(See Section 6.26.015 and other related sections in accompanying ordinance)

As noted earlier, most County classes are compensated using the Salary Grid. Under current policy, schedule/level bonuses are derived using this same grid.

Under eHR, two tables will be used to calculate the final compensation level – the Salary Grid and the Conversion Table. The resulting bonus will be a percentage of the stated compensation for the respective classification as listed in the County Code (non-represented classes) or respective Memorandum of Understanding (MOU for represented classes). Additionally, all references to schedule/level bonuses in the County Code have been revised to indicate fixed percentages corresponding to levels shown on the Conversion Table.

This change impacts only those employees who are compensated on the Salary Grid **and** who are receiving a schedule/level bonus. Employees receiving bonuses and who are **not** paid on the Salary Grid will continue to use the current percentages to calculate their compensation. No employees will be harmed by this change. Rather, this change in bonus processing methodology may result in slight increases in the employee's salary.

Example:

- Monthly salary on the Salary Grid = Schedule/Level 80A (5th step)
- Out-of-Class bonus = two standard salary schedules (22 levels)

SCHEDULE	LEVEL	1 ST Step	2 nd Step	3 rd Step	4 th Step	5 th Step
80	A	3,669.00	3,872.00	4,086.00	4,313.00	4,554.00

...

82	A	3,872.00	4,086.00	4,313.00	4,554.00	4,808.00
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Sal Sched/Level (Step)	Grid Salary	Current Policy				eHR 2012			
		No. of levels for bonus (1 sch. = 11 levels)	Grid Placement with Bonus	CWTAPPS Calc Salary (Grid Salary + Bonus)	Bonus Level Amount	Bonus % (see Conversion Table excerpt in prior section) (22 levels)	Bonus Amount (Grid Sal x bonus %)	eHR Calc Salary (Grid Salary + bonus)	Net increase
80 A (5)	4,554.00	22	82A (5)	\$4,808.00	\$254.00	5.6468%	\$ 257.16	\$4,811.16	\$3.16

Under eHR, a two-schedule bonus (22 levels) will be converted to 5.6468 percent as indicated on the Conversion Table. Applying 5.6468 percent to the original base salary (\$4,554.00) provides a total compensation of \$4,811.16 (\$3.16 monthly increase in employee's Out-of-Class bonus).

3. Step Placement Upon Promotion
(See Section 6.08.090 in accompanying ordinance)

For promotional appointments, the employee must be placed upon the step in the salary schedule of the new position which provides an increase in pay. Under 2012 eHR, salary differential thresholds will be converted from schedules/levels to the corresponding fixed percentages as shown in the Conversion Table. The following table summarizes the recommended changes:

Rule No.	Current Policy	2012 eHR 11 level – 2.7846% 22 levels – 5.6468%	Action
1	Increase is <u>less than</u> 11 levels (approximately 2.75%).	Increase is <u>less than</u> 2.7846%.	Immediate placement on the next higher step of new position.
2	Increase is <u>between</u> 11 levels (approximately 2.75%) <u>but less than</u> 22 levels (approximately 5.5%).	Increase is <u>between</u> 2.7846% but <u>less than</u> 5.6468%.	Place on the step that provides an increase in pay with a step advance in half the time normally required (typically 6 months).
3	Increase is <u>at least</u> 22 levels (approximately 5.5%).	Increase is <u>at least</u> 5.6468%.	Immediate placement on step which provides stated increase.

Note for bonus scenarios: Calculate initial placement differential using grid salary only instead of calculated salary (base + bonus). Add bonus(es) afterward.

This new method of calculating and processing step advances may result in a higher salary step on promotion or advancement in less time than it would otherwise take under the current rules. In addition, employees not paid on the Salary Grid will continue to use the current percentages to calculate their salary differentials and determine step placement upon promotion.

Example:

- Monthly Salary for Building Inspector II – 95L (step 3)
- Promoted to Building Inspector III - 96L

Action	Class	Sal Sched/ Level (Step)	Grid Salary
Current placement	Building Inspector II (#4173)	95L (3)	\$6,290.64
Promotion	Building Inspector III (#4177)	96L (3)	\$6,463.27
	Building Inspector III (#4177)	96L (4)	\$6,823.36

3. **Step Placement Upon Promotion** (*cont'd*)

Calculating percentage increases

A	\$6,463.27	Building Inspector III (step 3)
B	(6,290.64)	Building Inspector II (step 3)
C	\$172.63	Increase
C/B	2.7442%	% increase

Current Practice: Step 3 provides an increase less than 11 levels (2.75%)
→ Advance to step 4 in 6 months

2012 Change: Step 3 provides an increase less than 2.7846%
→ Place on step 4 immediately.

4. **Step Advance Anniversary Date for New Management Physician Pay Plan Participants**
(See Section 6.08.460A in accompanying ordinance)

Generally speaking, employees paid on one of the County salary schedules will advance to the next step of the schedule upon completion of one year of service measured from their respective appointment date. Your Board has already approved a change in this policy as it applies to permanent County employees compensated on the Standardized Step Pay Plan (our March 23, 2010 eHR letter).

Our current recommended policy change differs only in that it applies to those compensated under the New Management Physician Pay Plan. Currently, if the employee's date of appointment is between the first and 15th of any month, the yearly step-advancement anniversary date is adjusted to the first of that month. However, if the employee's date of appointment is between the 16th and 31st of any month, the yearly step-advancement date is adjusted to the first of the subsequent month.

Baseline eHR does not have this same anniversary date logic and instead will use the actual date of appointment as the basis for the annual step advance. Note that this change is applicable only to New Management Physician Pay Plan appointments made on or after 2012 implementation. Appointments made prior to 2012 implementation will retain the adjusted annual step advance date.

4. Step Advance Anniversary Date for New Management Physician Pay Plan Participants (*cont'd*)

Current Practice			2012 eHR		
Date of appointment	Annual step advance date	Example	Date of appointment	Annual step advance date	Example
1 st – 15 th	1 st day of that month	Appt: April 4, 2010 Step: April 1, 2011	1 st – 15 th	Actual date of appointment	Appt: April 4, 2012 Step: April 4, 2013
16 th – 31 st	1 st day of the following month	Appt: April 16, 2010 Step: May 1, 2011	16 th – 31 st		Appt: April 16, 2012 Step: April 16, 2013

5. Special Credit Date for (Old) Physician Pay Plan and New Management Physician Pay Plan Participants

(See Sections 6.08.270B and 6.08.460C in accompanying ordinance)

Various “special credits” (Section 6.08.250 and 6.08.450) are available to participants in both the aforementioned plans who meet specified criteria relating to areas which include medical subspecialties, board certifications, designated positions, and assignment locations. The current eligibility date logic to recognize such credits duplicates the current step anniversary date logic described in the previous section. Specifically, eligibility reached on the 1st through the 15th is recognized on the first day of that month and eligibility reached between the 16th and 31st of the month is recognized on the first day of the following month.

As with the step anniversary date scenario, baseline eHR does not have this same date logic for special credit eligibility dates. Instead, it will use the actual date of eligibility to recognize special credits. Note that this change is applicable only to special credits deemed eligible starting on or after the 2012 implementation. Special credit eligibility determined prior to 2012 eHR implementation will retain the original eligibility date.

ATTACHMENT B

MISCELLANEOUS TECHNICAL CORRECTIONS MADE

- Deleted and revised provisions related to the Department of Health Services (DHS) Community Health Plan coverage for various student classifications since this program is no longer available (*Sections 5.36.027 and 5.36.029*).
- Deleted provisions related to various obsolete health classifications and assignments (*Sections 5.36.027, 5.36.029, 6.08.010, 6.18.030B, and 6.78.350G.5*).
- Amended the six-month eligibility window for the Sick Buyback program to remove reference to specific years (*Section 6.20.030*).
- Updated CAO/Chief Administrative Officer references only in those sections where other revisions were already being made.
- Added and/or corrected item numbers and updated classification titles in various provisions.
- Updated cross references which incorrectly cited represented classes and salary listings as being part of Section 6.28.050 (currently lists only non-represented classifications).